



FILER MUTUAL
Telephone Company

Received & Inspected

JUN 18 2012

FCC Mail Room

WC: 10-90
WC: 05-337

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission

I am writing on behalf of Filer Mutual Telephone Company, a provider of local exchange, broadband and other communications services in southern Idaho. This letter is sent to seek clarification and further details from the Wireline Competition Bureau with respect to the operations and effects of the quantile regression analysis and related caps on Universal Service Fund (USF) support.

We are a company that has been in existence for 103 years, serving rural subscribers in areas that are sometimes difficult to get to because of terrain, geographic challenges and the expense involved to reach several who are remotely located. In our study area we have 642 square miles of area with 1575 subscribers, 981 of whom are broadband users. If you were to calculate the density we have 2.45 subscribers per square mile and 1.5 subscribers are using broadband services per square mile. We have a small amount of subscribers per square mile and plant cost is a major factor in delivering communication services to our subscribers and we are unsure how to proceed with the uncertainty of future USF support.

We made the decision to upgrade our outside plant facilities two years ago to meet increasing subscriber needs for faster internet speeds and we have taken on additional debt to place fiber facilities. We now are concerned that with reduced recovery in future USF support, we will have to slow, or even stop, our efforts in achieving this five year planned build-out.

Although Filer Mutual Telephone is currently not affected adversely by the caps on USF support, we want to assess what, if anything, can be done now to avoid the application of these caps in future years. To achieve this objective, we need further information or guidance from the bureau. Specifically, we need to understand:

- (1) How our study area boundary was established in the formulas used to develop the caps.
- (2) What census blocks were included within those study area boundaries used in the formulas applicable to Filer Mutual Telephone.
- (3) What, if anything, can be done to avoid the application of caps in subsequent years through changes or continued practices by Filer Mutual Telephone to operations or investment practices.
- (4) How Filer Mutual Telephone can determine what changes, if any, might occur to the formulas and caps in subsequent years so that Filer Mutual Telephone can plan accordingly to operate and invest in as "efficient" and "prudent" a manner as possible by reference to the caps.

This information, and any related underlying data that the bureau can provide with respect to how and why the caps affect Filer Mutual Telephone, will be essential in allowing Filer Mutual Telephone to develop network investment and operating plans that account for the effect of the caps. For example, while Filer Mutual Telephone Company is unaffected by the caps today, we need to be able to evaluate the potential effects of the caps in considering any future network construction or upgrade plans, and we currently do not see how this can be done. In the absence of this information, Filer Mutual Telephone fails to see how the caps will encourage "efficient" or "prudent" behavior or provide a predictable support mechanism because we will not know what is expected by the new rules or how they will affect future support distributions.

Please provide this information and guidance as soon as possible to Filer Mutual telephone Company so that we may make every reasonable effort to plan for the possible effects of the caps. Thank you for your attention to this request.

Steven Cowger

General Manager
Filer Mutual Telephone Company

No. of Copies rec'd 071
List ABCDE